

PHILIP MORRIS USA

INTER-OFFICE CORRESPONDENCE

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TO: Distribution

DATE: April 15, 1994

FROM: Karen Ando

SUBJ: Michigan Cigarette Tax Increase

Earlier this year, Michigan voters approved a 50 cent increase per pack of cigarettes as part of a greater sales tax program to help fund education. In order to measure any behavioral shifts because of the increase, Consumer Research will be interviewing smokers in Michigan continuously -- prior to the increase, during the month of April, and following the increase, from May through July.

Preliminary findings, based on interviewing from 4/4 through 4/13 (n=352), are detailed below, and will be updated periodically over the next four months.

Preliminary Findings:

Two weeks prior to the tax increase, the vast majority of Michigan smokers are aware of the increase.

- 93% report awareness of the new tax, with three quarters of those aware volunteering knowledge of the increase on an unaided basis.
- Note that this high level of awareness is comparable to the pre-increase awareness level measured in Washington state, prior to their tax increase.

Although awareness is high, few smokers report changing their purchasing behavior because of the impending increase.

- 87% of those aware report no change in purchasing behavior, with few of the remaining smokers reporting stocking up on cigarettes.

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